ULTIMATE FINANCE LIMITED

(Previously known as Ultimate Invoice Finance Limited)

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2016

COMPANY NUMBER 04325262

Contents

Corporate information

Country of incorporation

United Kingdom

Legal form

Private limited company

Directors at the date of this report

N McMyn
R Robson

Secretary and registered office

N McMyn, First Floor, Equinox North Great Park Road, Bradley Stoke, Bristol BS32 4QL

Company number

04325262

Auditor

KPMG LLP, 66 Queen Square, Bristol, BS1 4BE

Principal banker

Lloyds Banking Group Plc, PO Box 112, Canons Way, Bristol, BS99 7LB

Website

www.ultimatefinance.co.uk

Email address

info@ultimatefinance.co.uk

Ultimate Finance Limited

Strategic report
for the year ended 31 December 2016

Principal activity and nature of business
Ultimate Finance Limited (the "company") provides invoice finance and other funding products to UK SMEs and assists businesses to manage cash flows. Invoice finance includes invoice discounting and factoring and offers SMEs immediate cash advances against unpaid invoices. While the company services many industries, it also has specific products tailored for the recruitment and construction sectors. All products have performed in line with management expectations during the year and continued investment in these and new products are expected to increase our penetration of the SME market.

KPIs:
The board regularly reviews the following KPIs:

- Revenue
- Profit before tax; and
- Loans and receivables

Revenue for year was £13,374,000 (2015 restated: £10,541,000), an increase of 27% and the company made a loss before tax of £825,000 for the current year (2015 restated: loss before tax £3,695,000). Loans and receivables to customers also increased to £64,319,000 (2015: £58,655,000) as a result of increased trading by the company with an associated provision of £3,486,000 (2015: £1,249,000).

Principal risks and uncertainties
A high level summary of the key business risks facing the company and the management actions that currently mitigate them to an acceptable level is provided below:

	Business risk	Mitigating management actions
Credit risk	The risk of financial loss to the company if a customer or counterparty fails to meet its contractual obligations, and arises principally from the company's receivables from customers.	The company has strong underwriting processes with constant monitoring of the client's credit situation including review of debtor concentration and validation checks on significant exposures. The company has a well-established policy for credit losses and carries an allowance for impairment that represents its estimate of incurred losses in respect of specific loans and other receivables.
Liquidity risk	The risk of insolvency arising from an inability to meet obligations when they become due, without incurring unexpected or unacceptable losses. The company funds its business through its arranged back to back funding with third parties but is also dependent upon finance provided by its ultimate parent company in order to provide financing to its clients.	The company seeks to mitigate this risk by continually monitoring it funding requirements and investigating sources of finance which are, or might become, available to the company. The company also has access to additional funding facilities from its ultimate parent entity and related parties.
Market risk	The risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.	The company operates a conservative risk appetite in relation to market risk and adherence to market risk appetite is monitored by management team.

	Business risk	Mitigating management actions
Operational risk	The activities of the company subject it to operational risks relating to its ability to implement and maintain effective systems to process the high volume of transactions with customers. A significant breakdown of the company's IT systems might adversely impact the company's ability to operate its business effectively.	The company has a business continuity plan which is kept under regular review and is designed to ensure that any breakdown in systems would not cause significant disruption to the business. The company's control and governance environment is continually being reviewed and improved.
Competitor risk	The company faces competition in the markets in which it operates. There is a danger that its planned growth and profitability may be impaired.	The company maintains relationships with its customers, business introducers, and other significant participants in the markets in which it is active. The company has a small market share at present and, in planning its future business, is taking competitive factors into account.
Management	The success of the company is dependent on recruiting and retaining skilled senior management personnel and failure to do so would put the company's ability to successfully carry out its plans at risk.	The company's employment and remuneration policies are designed to mitigate this exposure and ensure that an appropriately skilled workforce is and remains in place.

Outlook
The directors remains confident about the outlook for the business (and its part in the group structure) and its ambition to be a major player in the SME finance arena. This will be achieved by strategic expenditure in the areas of technology, marketing and management, in order to achieve significant future growth.

Going concern
The principal risks and uncertainties affecting the company and the steps taken to mitigate these risks are described above. Critical accounting assumptions and key sources of estimation and uncertainty affecting the results and financial position disclosed in this annual report are discussed in note 2. The company is reliant on the support of its intermediate parent company, Bentley Park (UK) Limited, in order to continue as a going concern. The directors of Bentley Park (UK) Limited have indicated their current intention for this support to continue until the company is able to support itself, and that repayment of balances due to group companies will only be required when funds are available.

After making enquiries, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the annual report and financial statements.

Approval
This strategic report for the company has been drawn up and presented in accordance with, and in reliance upon, applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

Approved by the board of directors and signed on behalf of the board.

Neil McMyn
Director

29 November 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2016. The information required by Schedule 7 of the Companies Act 2006 is disclosed in the strategic report.

Results and dividends

The statement of comprehensive income is set out on page 10 and shows the loss for the year. The directors do not recommend payment of a dividend (2015: £nil).

Principal activities

The company's principal activity is the provision of invoice finance and other financing products to UK SMEs.

On 3 August 2017, the company changed its name from Ultimate Invoice Finance Limited to Ultimate Finance Limited. On 7 August 2017, the company changed the registration address to First Floor, Equinox North, Great Park Road, Bristol, BS32 4QL.

The company is a trading subsidiary of Ultimate Finance Group Ltd.

Directors and directors' interest

The directors of the company during the year, and to the date of this report, were:

R Robson
N McMyn

No director had any beneficial interest in the share capital of the company.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' indemnity

The company has purchased insurance to cover the directors, officers and employees of Bentley Park UK) Limited and its subsidiaries against defence costs and civil damages awarded following an action brought against them in their personal capacity whilst carrying out their professional duties for the group.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Under section 489 of the Companies Act 2006, a resolution for the appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming board of directors meeting of the ultimate parent of the company.

Approval

This directors' report for the company has been drawn up and presented in accordance with, and in reliance upon, applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

Approved by the board of directors and signed on behalf of the board.

Neil McMyn
Director

29 November 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ULTIMATE FINANCE LIMITED

We have audited the financial statements of Ultimate Finance Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Peter Lomax

Peter Lomax (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

30 November, 2017

Ultimate Finance Limited

Statement of comprehensive income
for the year ended 31 December 2016

	Note	2016	2015 As restated (note 3)
		£'000	£'000
Revenue	4	**13,374**	10,541
Cost of sales	5	**(6,310)**	(4,653)
Gross profit		**7,064**	5,888
Administrative expenses		**(7,889)**	(8,942)
Operating loss before cost of acquisition		**(825)**	(3,054)
Cost of acquisition	22	**-**	(390)
Operating loss after cost of acquisition	6	**(825)**	(3,444)
Finance expense	8	**-**	(251)
Loss before taxation		**(825)**	(3,695)
Taxation	9	**(150)**	110
Loss for the year and total comprehensive loss		**(975)**	(3,585)

The total loss for the year and total comprehensive loss is attributable to owner of the parent.

All results are derived from continuing operations. The accompanying notes on page 14 to 32 form an integral part of the financial statements.

Ultimate Finance Limited

Statement of financial position
for the year ended 31 December 2016

Company number 04325262

	Note	2016 £'000	2015 As restated (note 3) £'000
Non-current assets			
Property, plant and equipment	10	582	892
Intangible assets	11	-	22
Deferred tax asset	17	180	330
		762	1,244
Current assets			
Loans and other receivables	12	62,148	77,932
Cash and cash equivalents	13	4,432	2,860
		66,580	80,792
Total assets		67,342	82,036
Current liabilities			
Bank borrowings and overdrafts	14	(53,082)	(47,373)
Trade and other payables	15	(19,646)	(39,074)
		(72,728)	(86,447)
Total liabilities		(72,728)	(86,447)
Net liabilities		(5,386)	(4,411)
Equity attributable to owners of the company			
Share capital	18	-	-
Retained earnings (deficit)		(5,386)	(4,411)
Equity shareholder's deficit		(5,386)	(4,411)

The accompanying notes on page 14 to 32 form an integral part of the financial statements. The financial statements were approved and authorised for issue by the board of directors on 29 November, 2017 and were signed on its behalf by:

Neil McMyn

Neil McMyn
Director

Ultimate Finance Limited

Statement of changes in equity
for the year ended 31 December 2016

	Note	Share capital £'000	Retained earnings £'000	Total £'000
At 1 January 2015, as previously stated		-	(703)	(703)
Prior period adjustment	3	-	(123)	(123)
At 1 January 2015, as restated			**(826)**	**(826)**
Total comprehensive loss for the year, as restated	3	-	(3,585)	(3,585)
At 31 December 2015, restated		-	(4,411)	(4,411)
Total comprehensive loss for the year		-	(975)	(975)
At 31 December 2016		-	**(5,386)**	**(5,386)**

Ultimate Finance Limited

Statement of cash flow
for the period ended 31 December 2016

	Note		2016		2015 As restated (note 3)
			£'000		£'000
Cash flows from operating activities					
Loss before tax			**(825)**		(3,695)
Adjustments for:					
Depreciation of property, plant and equipment	**10**	**368**		411	
Amortisation of intangible assets	**11**	**22**		58	
Provision for impairment of loans and other receivables	**12**	**2,433**		961	
Finance expense in cost of sales	**5**	**1,171**		1,170	
Financial expense	**8**	**-**		251	
			3,994		2,851
			3,169		(844)
Decrease / (increase) in loans and other receivables		**13,364**		(24,559)	
(Decrease) / increase in trade and other payables		**(19,441)**		18,389	
			(6,077)		(6,170)
Net cash provided by operating activities			**(2,908)**		(7,014)
Cash flows from investing activities					
Acquisition of property, plant and equipment	**10**	**(58)**		(533)	
Acquisition of intangible assets	**11**	**-**		(55)	
Net cash used in investing activities			**(58)**		(588)
Cash flows from financing activities					
Financial expense	**8**	**-**		(251)	
Increase in back to back funding		**5,709**		9,967	
Finance expense on back to back funding	**5**	**(1,171)**		(1,170)	
Net cash provided by financing activities			**4,538**		8,546
Net movement in cash and cash equivalents			**1,572**		944
Cash and cash equivalents at 1 January			**2,860**		1,916
Cash and cash equivalents at 31 December	**13**		**4,432**		2,860

1 Accounting policies

Basis of preparation and statement of compliance

Ultimate Finance Limited (the "company") is a company incorporated in the UK.

The company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("adopted IFRSs"), and its interpretations adopted by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") or their predecessors, which had been approved by the European Commission at 31 December 2016.

The financial statements are prepared on the historical cost basis and are presented in Pounds Sterling, the company's functional and presentational currency.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Information about such judgments and estimates are discussed in note 2.

Adoption of new and revised reporting standards

Standards not yet adopted

At the date of authorisation of these financial statements the following International Financial Reporting Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

- IFRS 9 – 'Financial Instruments';
- IFRS 15 – 'Revenue from Contracts with Customers'; and
- IFRS 16 – 'Leases'.

The adoption of IFRS 9 will require changes in the classification and measurement and impairment of the company's loans and other receivables, borrowings, and related recognition of income on impaired loans. This Standard will come into force with effect from the company's financial statements on 1 January 2018, as endorsed by the European Union. Following the publication of the final version of the Standard by the IASB in July 2014, the company has begun to assess its potential impact, and will report further on this in future periods.

IFRS 15 will replace the standards currently governing the recognition of that part of the company's income which does not derive directly from financial assets. IFRS 15 will come in to force with effect from the company's financial statements on 1 January 2018, and management will consider its potential impact on the company's financial statements, if any.

IFRS 16 will replace current standard IAS 17, providing the guidance of bringing most leases on-balance sheet for lessees under a single account model. IFRS 16 will be effective for periods beginning of or after 1 January 2019.

1 Accounting policies *(continued)*

Other standards and interpretations in issue but not effective do not address matters relevant to the company's accounting and reporting. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Going concern

The company is reliant on the support of its intermediate parent, Bentley Park (UK) Limited, which provides funding to the company and the rest of the entities in the Group in order to continue as a going concern. The directors of Bentley Park (UK) Limited have indicated their current intention for this support to continue until the company is able to support itself and that repayment of balances due to group companies will only be required when funds are available.

Revenue recognition

Revenue comprises fees for the provision of invoice financing and other financing services, net of value added tax, and is recognised as explained below.

The determination of whether certain fees and costs form part of the Effective Interest Rate ("EIR") is a critical judgement. Management assesses the nature of fees charged and incurred, the nature of services provided or received, and the extent to which these relate closely to the issue of a financial instrument. To the extent that costs or income do relate closely to the issue of a financial instrument, they are included within the EIR calculation.

Interest income
Interest income is recognised in the statement of comprehensive income for all financial assets measured at amortised cost using the EIR method. The EIR method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows through the expected life, or contractual term if shorter, of the financial asset to the net carrying amount of the financial asset. When calculating the EIR, the company estimates cash flows considering all contractual terms of the financial instruments, but does not include an expectation for future credit losses. Interest income is calculated and applied to clients' accounts on a daily basis.

Service fee and other fee income
Ancillary to the provision of loans and finance to its customers, the company provides various services for which it charges a fee. Income for these services is recognised as the service is provided.

Expenses

Commissions
Commissions are recognised as part of the effective interest rate calculation. Where commissions are not directly linked to specific financial instruments, they are recognised in the statement of comprehensive income over the period to which they relate.

Operating lease payments
Leases are categorised as operating leases where the lessor retains substantially all the risks and rewards of ownership of the leased asset. All leased assets held by the company are categorised as operating leases.

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense over the term of the lease.

1 Accounting policies *(continued)*

Borrowing costs
Borrowing costs in relation to the back-to-back financing facility with Lloyds Commercial Finance Ltd and British Business Bank are shown within cost of sales. The facility is used to finance loans provided to certain clients and is backed by the underlying debts of the clients.

Interest on other loans and borrowings is charged using the effective interest rate method. Interest expense in this context includes initial transactions costs as well as any interest or coupon payable while the liability is outstanding.

Foreign currencies

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period.

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Vehicles	-	four years
Computers	-	three years
Equipment and fittings	-	two – five years

1 Accounting policies *(continued)*

Intangible assets

Intangible assets represent software and associated development costs which are stated at cost less accumulated depreciation and impairment losses.

Cash and cash equivalents

Cash balances and demand deposits are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Financial assets and financial liabilities

Management determine the classification of the company's financial assets at initial recognition into one of the following categories – loans and other receivables, held-to-maturity financial assets, available-for-sale financial assets and financial assets at fair value through profit or loss. The company has not held any held-to-maturity, available for sale financial assets or financial assets at fair value through profit or loss at any point during the year.

The company initially recognises advances to clients and related parties on the date that they are originated. These balances are included in loans and other receivables and are initially recognised at fair value including directly attributable costs, and subsequently measured at amortised cost less impairment losses.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

The company initially recognises borrowings from banks and related parties at fair value, and are subsequently measured at amortised cost, using the effective interest method. These balances are included in borrowings and trade and other payables.

Impairment of loans and receivables
The recognition of impairment is a critical accounting judgement. Determining whether or not a financial instrument is impaired at the balance sheet date is complex and requires management judgement, as an instrument may be impaired without obvious indication, such as arrears. As well as using experience of prior periods and detailed knowledge of the customers' performance, management is also able to assess the behaviour of financial instruments since the balance sheet date to determine which financial instruments may be impaired as at the balance sheet date. In respect of loans and receivables, the company assesses on an ongoing basis whether there is objective evidence that an individual loan asset is impaired. If any such indication exists, the assets' recoverable amount is estimated. Where its value is known, this will take into account the value of any collateral held. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income in cost of sale.

Impairment losses are reversed through the statement of comprehensive income if there is a change in the estimates used to determine the recoverable amount.

Derecognition
The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The company derecognises a financial liability when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

1 Accounting policies *(continued)*

Offsetting of financial assets and liabilities
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2 Key risks and sources of estimation uncertainty

Critical accounting estimates and judgements

In the preparation of financial statements, the company is required to make estimates and assumptions, in accordance with IFRS, that affect the amounts reported as assets and liabilities as at the date of reporting the financial statements and the reported amounts of revenues and expenditure during the year.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the company financial statements is included in the following notes:

Note 1 – revenue recognition, determine the period over which the revenue is recognised
Note 1 – provisioning against receivables, determining the appropriate level of provision required

Assumptions and estimations uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31 December 2016 is included in the following notes:

Note 15 – determine the value of accruals for purchases committed but invoices not received

3 Prior period restatement

In 2015, the company did not present a statement of cash flows as part of its audited financial statements. The 2016 audited financial statements include a statement of cash flows for both years ended 31 December 2015 and 31 December 2016.

Set up fees and other income
The company charges its clients new facility set up fees. These fees were recognised as revenue at the point of charge to the client. As these fees were in respect of the provision of service rather than a loan, these fees should be recognised on a straight line basis over the average expected life of the facility.

3 Restatement of prior year results *(continued)*

Unearned income
In 2015, loans and receivables included unearned income for which a reciprocal liability was recognised in trade and other payables. In 2016, the company has removed the unearned income and the related element within trade and other payables so that loans and receivables are recognised at amortised cost.

As the changes in accounting policies and errors above were made in a reporting period prior to the comparative period, the statement of financial position and statement of comprehensive income as at 1 January 2015 and 31 December 2015 were restated as follows:

	As previously reported	Prior adjustment	As restated
	£'000	£'000	£'000
1 January 2015			
Statement of Financial Position			
Current assets			
Loans and other receivables	54,889	(123)	54,766
Net liabilities	**(703)**	**(123)**	**(826)**
Equity attributable to owners of the company			
Retained earnings (deficit)	(703)	(123)	(826)
Equity shareholder's deficit	**(703)**	**(123)**	**(826)**
31 December 2015			
Statement of Comprehensive Income			
Revenue	**10,614**	**(73)**	**10,541**
Cost of Sales	(4,653)	-	(4,653)
Gross Profit	**5,961**	**(73)**	**5,888**
Administrative Expenses	(8,942)	-	(8,942)
Loss for the year and total comprehensive loss	**(3,512)**	**(73)**	**(3,585)**

3 Restatement of prior year results *(continued)*

	As previously reported £'000	Prior adjustment £'000	As restated £'000
31 December 2015			
Statement of Financial Position			
Current assets			
Loans and other receivables	78,128	(196)	77,932
Net liabilities	**(4,215)**	**(196)**	**(4,411)**
Equity attributable to owners of the company			
Retained earnings (deficit)	(4;251)	(196)	(4,411)
Equity shareholder's deficit	**(4,215)**	**(196)**	**(4,411)**

4 Revenue

	2016 £'000	2015 As restated (note 3) £'000
Revenue arises from:		
Loans		
Interest income	**2,746**	2,374
Service and other fee income		
Service fee income	**6,344**	5,229
Other fee income	**4,284**	2,938
	13,374	10,541

5 Cost of sales

	2016 £'000	2015 £'000
Cost of sales - finance costs	**1,171**	1,170
Cost of sales - other	**5,139**	3,483
	6,310	4,653

Cost of sales includes interest payable on the back-to-back financing facilities, external legal fees, bad debt costs and commissions incurred. Where external fees are recharged to clients, such recharges are included within revenue.

6 Operating loss

	2016 £'000	2015 £'000
This has been arrived at after charging:		
Staff costs (note 7)	**4,686**	5,867
Deprecation of property, plant and equipment (note 10)	**368**	411
Amortisation (note 11)	**22**	58
Audit of these financial statements	**24**	-
Taxation compliance services	**5**	-
Operating lease expense:		
- Vehicles	**106**	95

2015 audit fee of £15,000 was borne by a fellow company in the Group, Ultimate Finance Holdings Limited.

7 Staff costs

	2016 £'000	2015 £'000
Staff costs (including directors) comprise:		
Wages and salaries	**3,941**	4,939
Social security costs	**475**	596
Other pension costs	**270**	332
	4,686	5,867

The average number of persons employed by the company (including directors) during the year was 91 (2015: 66) .

Directors' remuneration
The directors are the only key management personnel who are subject to remuneration as detailed below:

	2016 £'000	2015 £'000
Directors' emoluments	-	600
Company contributions to money purchase pension plans	-	10
	-	610

The aggregate of emoluments of the highest paid director was £nil (2015: £437,542), and company pension contributions of £nil (2015: £1,425) were made to a money purchase pension scheme on their behalf. Remuneration of directors who are also directors of the intermediate holding company, Bentley Park (UK) Limited, is reported in the financial statements of that company.

8 Finance expense

	2016 £'000	2015 £'000
Finance expense[1]		251
Bank interest expense	-	251

1) Borrowing costs in relation to the back-to-back facility are not included here but are included within cost of sales.

9 Tax expense

	2016 £'000	2015 £'000
Deferred tax expense		
Origination and reversal of temporary differences (note 17)	**150**	(110)
Adjustment in respect of the previous year	**-**	-
Total tax expense / (benefit)	**150**	(110)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	2016 £'000	2015 As restated (note 3) £'000
Loss before tax	**(825)**	(3,695)
Expected tax charge based on the standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	**(165)**	(748)
Expenses not deductible for tax purposes	**104**	74
Accelerated capital allowances	**150**	(3)
Adjustment in respect of the previous year	**-**	256
Effect on Losses forward	**606**	(26)
Group relief claimed without payment	**(533)**	341
Other short term differences	**(12)**	(4)
Total tax expense / (benefit	**150**	(110)

10 Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
Balance at 1 January 2015	466	536	533	1,535
Additions	130	311	92	533
Balance at 31 December 2015	596	847	625	2,068
Balance at 1 January 2016	596	847	625	2,068
Additions	43	15	-	58
Balance at 31 December 2016	**639**	**862**	**625**	**2,126**
Accumulated depreciation				
Balance at 1 January 2015	314	312	139	765
Depreciation charge for the year	111	138	162	411

10 Property, plant and equipment *(continued)*

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Balance at 31 December 2015	**425**	**450**	**301**	**1,176**
Balance at 1 January 2016	425	450	301	1,176
Depreciation charge for the year	109	129	130	368
Balance at 31 December 2016	**534**	**579**	**431**	**1,544**
Net book value				
At 1 January 2015	152	224	394	770
At 31 December 2015	171	397	324	892
At 31 December 2016	**105**	**283**	**194**	**582**

11 Intangible assets

	Capitalised Development costs £'000	Total £'000
Cost		
Balance at 1 January 2015	36	36
Intragroup transfer	121	121
Balance at 31 December 2015	157	157
Balance at 1 January 2016	157	157
Balance at 31 December 2016	**157**	**157**
Accumulated amortisation		
Balance at 1 January 2015	11	11
Intergroup transfer – accumulated amortisation	66	66
Amortisation charge for the year	58	58
Balance at 31 December 2015	135	135
Balance at 1 January 2016	135	135
Amortisation charge for the year	22	22
Balance at 31 December 2016	**157**	**157**
Net book value		
Balance at 1 January 2015	25	25
Balance at 31 December 2015	22	22
Balance at 31 December 2016	**-**	**-**

12 *Loans and other receivables*

	2016	2015 As restated (note 3)
	£'000	£'000
Loans and receivables	**60,833**	57,406
Deferred income	**(178)**	(196)
Prepayments	**556**	585
Inter-group debtors	**937**	20,137
	62,148	77,932

The table below summarises the company's exposure to credit risk:

	2016	2015
	£'000	£'000
Outstanding client balances	**64,319**	58,655
Provision for impairment	**(3,486)**	(1,249)
	60,833	57,406

Collateral
In addition to the value of the underlying assigned sales ledger balances, the company will wherever possible obtain additional security before offering invoice finance facilities to a client. These include personal guarantees from major shareholders and/or directors, charges over personal and other business property, cross guarantees from associated companies, and unlimited warranties in the case of frauds. The company is only able to take possession of this security following an event of default. These additional forms of security are impractical to fair value, as valuations of the guarantees or warranties are not capable of being accurately determined at any point during the agreement.

Movement of the company provisions for impairment of loans receivable are as follows:

	2016	2015
Allowances for losses	**£'000**	£'000
Balance brought forward	**1,249**	507
Utilised provision in the year	**(196)**	(219)
Provision for the year	**2,433**	961
Balance carried forward	**3,486**	1,249

The ageing of these receivables is as follows:

	2016			2015		
	Total	**Impairment**	**Net**	Total	Impairment	Net
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Neither past due nor impaired	**59,928**	**(154)**	**59,774**	56,826	(126)	56,700
Past due but not impaired	**749**	**-**	**749**	253	-	253
Individually impaired loans	**3,642**	**(3,332)**	**310**	1,576	(1,123)	453
	64,319	**(3,486)**	**60,833**	58,655	(1,249)	57,406

The carrying value of all financial assets and liabilities held at the current and prior year is not materially different from the fair value of the financial instruments.

13 Cash and cash equivalents

	2016	2015
	£'000	£'000
Cash and cash equivalents	4,432	2,860

Cash denominated in currencies other than sterling comprise:

	2016	2015
	£'000	£'000
EUR	1,031	568
USD	3,358	1,702
AUD	11	15
	4,400	2,285

14 Bank Borrowings and overdrafts

	2016	2015
	£'000	£'000
Bank borrowings and overdrafts	53,082	47,373

As stated in note 1, the company has a back-to-back financing facility with Lloyds Commercial Finance and British Business Bank. The facility, which operates on a rolling six month notice period, allows the company to draw down up to 75% of the notified value of approved invoices of its core invoice finance clients and 30% of its construction industry clients. Amounts can be drawn down, repaid and redrawn throughout the life of the facility on the condition that the above, and other, criteria are met. The bank borrowings of £53 million relate to this facility, leaving headroom of £12 million at 31 December 2016. In September 2017 the facility limit was increased from £75 million to £85 million.

Interest rate sensitivity analyses

The company's interest rate risk relates to the base rate element of the above back-to-back facility. If the bank's base rate were to change +/- 0.5%, reported profits and closing equity would decrease / increase by +/- £13,730. The sensitivity rate of 0.5% represents the directors' assessment of a reasonably possible change, based on historic volatility and current economic circumstances.

15 Trade and other payables

	2016	2015
	£'000	£'000
Trade payables	5,413	5,918
Other payables and accrued expenses	2,595	2,376
Inter-group borrowings	11,638	30,780
	19,646	39,074

There are no trade or other payables denominated in currencies other than pound sterling.

15 Trade and other payables *(continued)*

The company's liabilities include trade and other payables and borrowing under its bank facility.

The maturity profile of the company's financial liabilities is shown below:

	Within one month £'000	Less than a year £'000
2016		
Trade payables	**224**	**5,189**
Other payables and accrued expenses	**2,595**	**-**
Inter-group borrowings	**-**	**11,638**
Bank borrowings	**-**	**53,082**
	2,819	**69,909**
2015		
Trade payables	502	5,416
Other payables and accrued expenses	2,376	-
Inter-group borrowings	-	30,780
Bank borrowings	-	47,373
	2,878	83,569

16 Employee benefits

Pension

The company operates a defined contribution pension scheme. The pension cost charge for the year includes contributions payable by the company to the scheme and amounted to £271,000 (2015: £331,000).

Contributions amounting to £60,000 were unpaid at the year end and are included in trade and other payables (2015: £78,000).

The company also paid into schemes outside of the company's defined contribution scheme for no directors (2015: two) during the year.

17 Deferred tax

Recognised deferred tax asset

Deferred tax asset is attributable to the following and is shown as a non-current asset on the statement of financial position:

Charge in respect of deferred tax during year

	2016 £'000	2015 £'000
Accelerated capital allowances	**(150)**	110
Adjustment in respect of the previous year	**-**	-
	(150)	110

17 Deferred tax *(continued)*

Movement on the deferred tax asset during the year

	2016 £'000	2015 £'000
At the beginning of the year	**330**	220
Increase (decrease) in deferred tax asset	**(150)**	110
At the end of the year	**180**	330

Deferred tax assets have been recognised in respect of all such accelerated capital allowances and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

18 Share capital

	Issued and fully paid			
	2016 Number	**2016 £**	2015 Number	2015 £
Ordinary shares of £1 each	**2**	**2**	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. The authorised share capital of the company is £1,000.

19 Leases

Operating leases

The group leases all of its properties. The terms vary between properties, although each have periodic rent reviews and have break clauses. Other operating leases relate to leased cars as well as leasing payments in relation to software systems. The current commitments will expire in 2025 at the latest.

At 31 December 2016, the company had outstanding future commitments under non-cancellable operating leases which fall due as follows:

	Land & buildings 2016 £'000	**Other 2016 £'000**	Land & buildings 2015 £'000	Other 2015 £'000
Not later than one year	**226**	**330**	226	236
Later than one year and not later than 5 years	**757**	**148**	757	287
More than five years	**213**	**-**	350	-
	1,196	**478**	1,333	523

20 Related party transactions

The company entered into related party transactions as described below.

Trading transactions

Amounts outstanding at the statement of financial position date relate primarily to the movement of cash and cash equivalents.

	Management charges receivable / (payable)		Balances outstanding	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
The parent				
Ultimate Finance Group Ltd	**(17)**	(324)	**(11,389)**	(30,525)
Companies within the Group				
Bentley Park (UK) Limited	**-**	-	**937**	-
Ashley Finance Limited	**-**	-	**-**	3,129
Ashley Business Finance Limited	**-**	-	**-**	2,295
Ultimate Asset Finance Limited	**-**	-		7,182
Ultimate Trade Finance Limited	**-**	-	**-**	6,471
Ultimate Construction Finance Limited	**6**	6	**(249)**	(255)
Ultimate Business Finance Limited	**-**	-	**-**	1,059

The above balances are repayable on demand, unsecured and expected to be settled in cash. The fair value is considered to approximate to the carrying value.

Ultimate Finance Group Limited is the parent company and other entities are related parties under common control.

Disclosure of the remuneration paid to key management is included in note 7.

21 Capital commitments

There were no capital commitments at the end of the financial year (2015: £Nil).

22 Costs of acquisition

During the prior year, the parent company was acquired by Bentley Park (UK) Limited. The company incurred the following costs as a result of that acquisition:

	2016	2015
	£'000	£'000
Director termination	-	292
Loan facility early termination	-	98
	-	390

23 Financial risk management

The company provides invoice financing products to its clients and funds these activities by means of intercompany and external borrowings. Lending tends to be bespoke for individual clients and transactions. The company's principal risk is thus credit risk, and this is managed via an appropriate credit review process and the margins charged.

Credit risk
Credit risk arises from all exposures to clients on the company's financing activities. The company's board establishes underwriting limits, reviews concentrations and establishes procedures on credit decisions. Transactions that exceed the company's own limits are then passed to a parent company for a decision. Major exposures and levels of default together with other credit issues are reviewed regularly. The company has strict policies and procedures in place to monitor this risk. An impairment provision is made where objective evidence exists to doubt recoverability of amounts advanced to clients.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial assets. The company manages market risk and its components on a transaction-by-transaction basis.

Interest rate and foreign exchange risks
There are no loans and other receivables denominated in currencies other than Pounds Sterling. The company does not have significant exposure to currency risk or interest rate risk as fluctuations in these are passed onto the company's client base.

The following table summarises the company's its minimal exposure to interest rate risk. Included in the table are the company's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity date:

2016

	Floating rate	**Fixed rate**	**Non-interest bearing**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Assets				
Loans	-	**60,655**	-	**60,655**
Trade and other receivables	-	-	**556**	**556**
Inter-group debtors	-	-	**937**	**937**
Cash and cash equivalents	-	-	**4,432**	**4,432**
Liabilities				
Borrowings	**53,082**	-	-	**53,082**
Trade and other payables	-	-	**8,008**	**8,008**
Inter-group borrowings	-	-	**11,638**	**11,638**

2015

	Floating rate	Fixed rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Assets				
Loans	-	57,210	-	57,210
Trade and other receivables	-	-	585	585
Intra-group debtors	-	-	20,137	20,137
Cash and cash equivalents	-	-	2,860	2,860

23 Financial risk management *(continued)*

2015

	Floating rate	Fixed rate	Non-interest bearing	Total
	£'000	£'000	£'000	£'000
Liabilities				
Borrowings	47,373	-	-	47,373
Trade and other payables	-	-	8,294	8,294
Intra-group borrowings	-	-	30,780	30,780

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's principal liquidity risk is in respect of the requirement to maintain sufficient levels of borrowing to fund the leasing and lending portfolio over the period that the leases remain outstanding. The company borrows from fellow subsidiaries and the company's directors maintain a regular review and contact with these fellow subsidiaries to ensure sufficient funds remain available. The maturity profile of financial liabilities is discussed in note 15.

Fair value of financial instruments
The following tables present the fair value of the company's all financial assets and liabilities:

	2016		2015	
	Carry value	**Fair value**	Carry value	Fair value
	£'000	**£'000**	£'000	£'000
Financial assets				
Loans	**60,655**	**60,655**	57,210	57,210
Trade and other receivables	**556**	**556**	585	585
Intra-group debtors	**937**	**937**	20,137	20,137
Cash and cash equivalents	**4,432**	**4,432**	2,860	2,860
Financial liabilities				
Borrowings	**53,082**	**53,028**	47,373	47,373
Trade and other payables	**8,008**	**8,008**	8,294	8,294
Intra-group borrowing	**11,638**	**11,638**	30,780	30,780

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as it is the best evidence of the fair value of a financial Instrument. Market prices are not, however, available for certain financial assets and liabilities that may be held or issued by the company. At the moment there is no financial instrument where no active market exists but if in future the company had financial instrument, where no active market price or rate available, fair values would be estimated using present value or other valuation techniques, using inputs based on market conditions existing at the financial year end date.

Bank balances and cash comprise cash held by the company and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximates to their fair value. The directors consider that the carrying amount of loans and receivables and borrowings due within one year approximates to their fair value due, due to the short term nature of their repayments or payable on demand.

The company measures fair values into a fair value hierarchy based on the following valuation technique used to determine fair value:

23 Financial risk management *(continued)*

Level 1
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2
Valuation techniques based on observable prices, either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. An adjustment to a Level 2 input that is significant to the entire measurement might result in a fair value measurement categorised within Level 3 of the fair value hierarchy if the adjustment uses significant unobservable inputs.

Level 3
Valuation techniques using significant unobservable inputs. Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The tables below analyse financial instruments measured at fair value into the above fair value hierarchy.

2016

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets				
Loans	-	60,655	-	60,655
Trade and other receivables	-	-	556	556
Intra-group debtors	-	-	937	937
Cash and cash equivalents	-	4,432	-	4,432
Financial liabilities				
Borrowings	-	53,082	-	53,082
Trade and other payables	-	-	8,008	8,008
Intra-group borrowings	-	-	11,638	11,638

2015

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Loans	-	57,210	-	57,210
Trade and other receivables	-	-	585	585
Intra-group debtors	-	-	20,137	20,137
Cash and cash equivalents	-	2,860	-	2,860
Financial liabilities				
Borrowings	-	47,373	-	47,373
Trade and other payables	-	-	8,294	8,294
Intra-group borrowings	-	-	30,780	30,780

24 Guarantee and indemnity

The company has a back-to-back financing facility with Lloyds Banking Commercial Finance and British Business Bank for a £85 million, the minimum period for which expired in March 2017. The facility continues to operate on six months' notice. The facility is used to finance loans provided to clients and is backed by the underlying debts of the clients.

The facility is secured against a guarantee and an all assets debenture given by the company and Ashley Finance Limited, a deed of guarantee and indemnity given by Ultimate Finance Group Limited and Ultimate Finance Holdings Limited, an omnibus guarantee and set-off agreement and debentures from other group companies.

25 Ultimate parent company

The company's immediate parent undertaking is Ultimate Finance Group Limited, a company incorporated in England and Wales.

The smallest group in which the results of the parent and subsidiary company are consolidated is that headed by Ultimate Finance Group Limited. The largest group in which the results of the parent and subsidiary company are consolidated is that headed by the company's intermediate parent undertaking, Bentley Park (UK) Limited, a company incorporate in England and Wales. The consolidated financial statements of these companies are available to the public and may be obtained from the company's office, First Floor, Equinox North, Great Park Road, Bristol BS32 4QL.

26 Post balance sheet event

In September 2017 the facility limit of the back-to-back funding arrangement with Lloyds Commercial Finance Ltd and British Business Bank was increased from £75 million to £85 million.